

Sustaining the Region's Transit System



**Commission Workshop
October 21, 2009
San Francisco City Club**

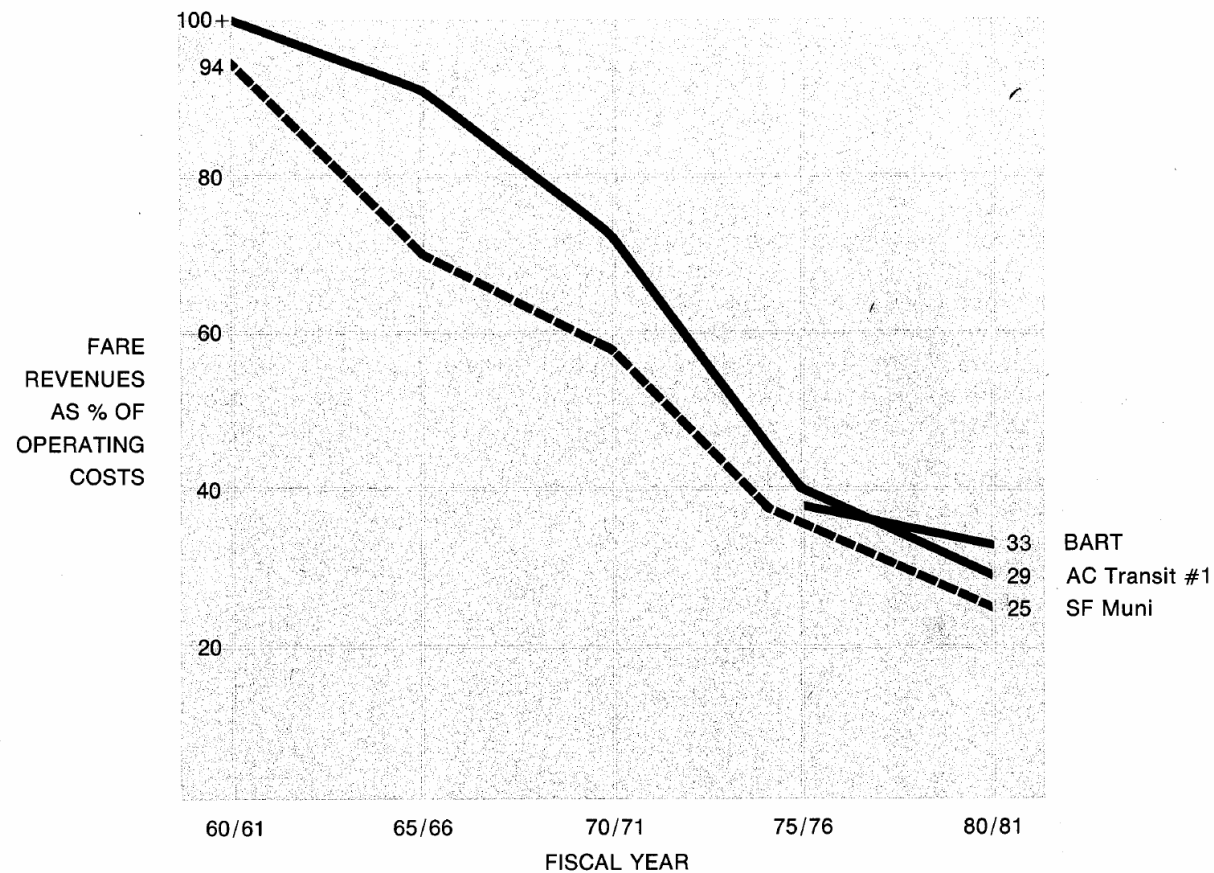
Context:
Why is this important now?
How should we focus our efforts?

Why now?

1. Severe budget shortfalls in the immediate term.
2. Service cuts are degrading the transit system.
3. Long term viability of the existing system is at risk, let alone the ability of the region to provide service expansion.
4. Need to provide a system that more people will use – customer-focused, not agency-centric.
5. A robust transit system is fundamental to the mode shift needed for the Sustainable Communities Strategy per SB 375.
6. The region has a significant opportunity to alter course as budget situation improves.

Why then?

20-YEAR TRENDS IN FARE CONTRIBUTION TO TRANSIT COSTS



Source: San Francisco Bay Region, Transit Financing Study, January 10, 1977

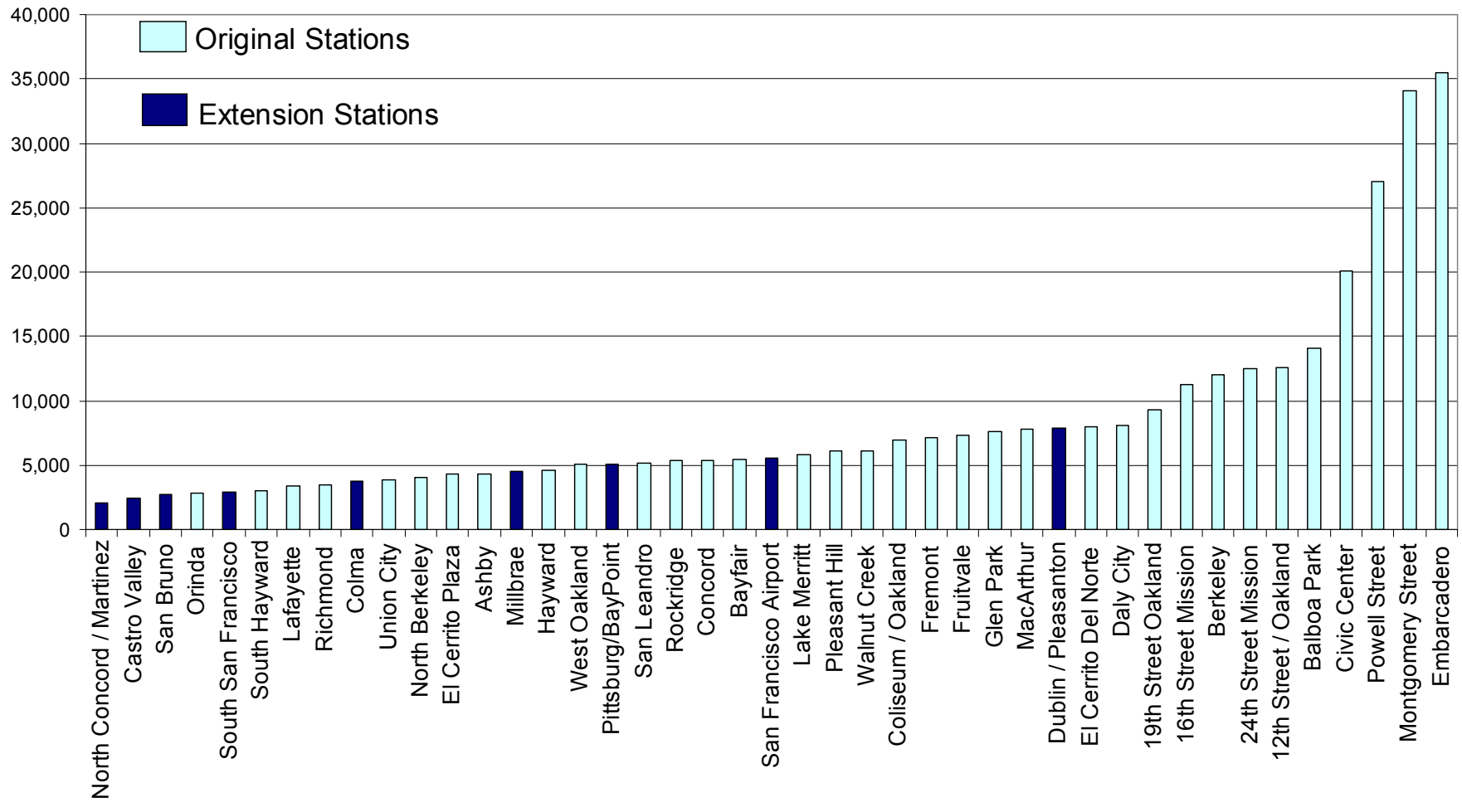
Where Are We?

1. We have more questions than answers.
2. Difficult decisions will be needed.
3. A comprehensive analysis is needed to inform these decisions.
4. Want to be sure the Commission is ready to engage in this subject based on an understanding of what is entailed.
5. This workshop provides background and options for proceeding with project.
6. Don't intend to be threatening to any single transit system, but need to engage in a fact-based constructive discussion about change.

Critical Challenges for Transit

1. Unsustainable cost structure
2. Unpredictable revenues
 - State Transit Assistance uncertain
 - Local sales tax revenues swing wildly
3. Lifeline routes have low productivity
4. Underpriced auto alternative
5. Insufficient transit-supportive land uses

BART Average Weekday Exits by Station - FY 2009



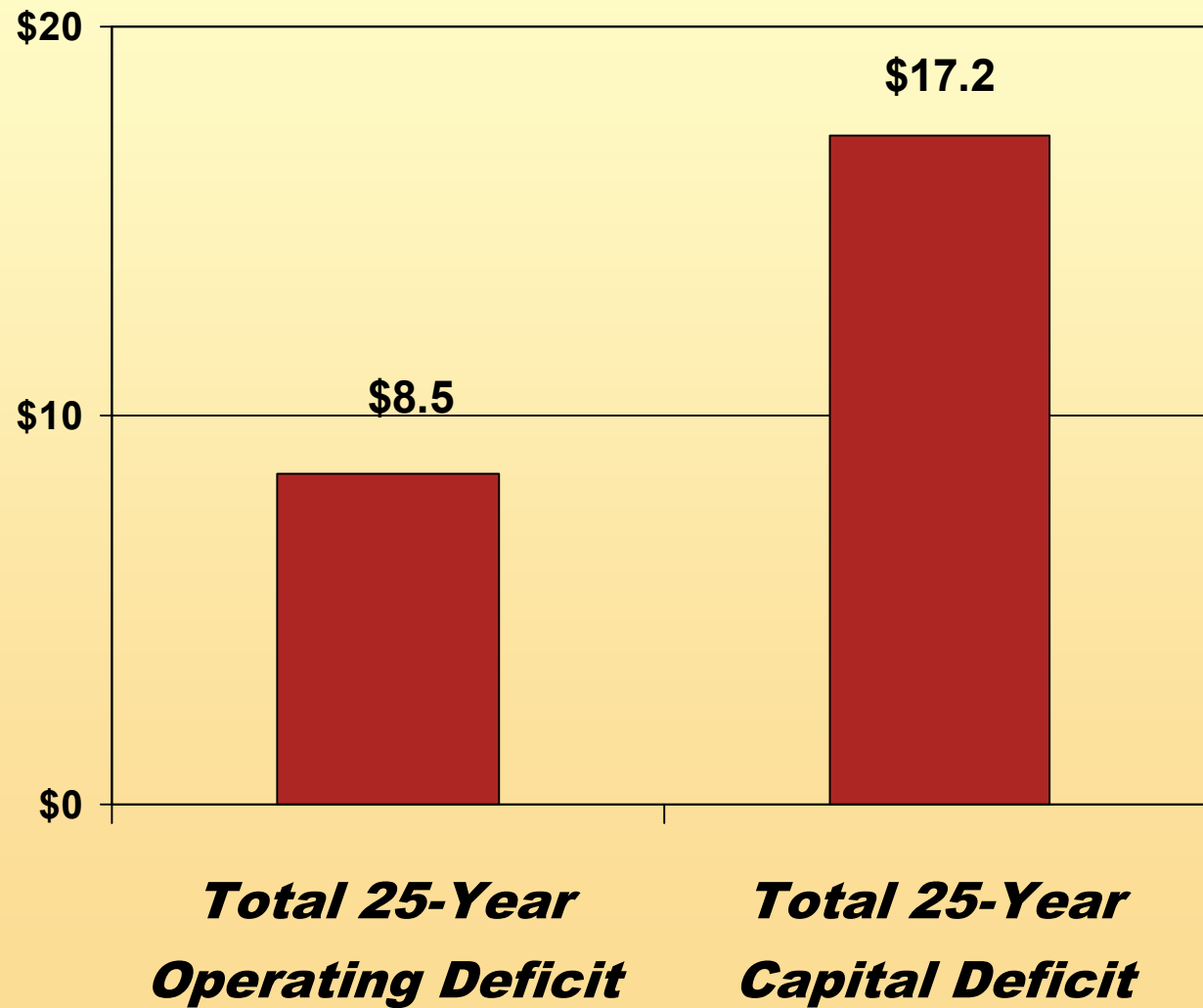
Three Legs of the Stool

1. Cost Containment
2. Service Design and Delivery
3. Governance and Decision-making

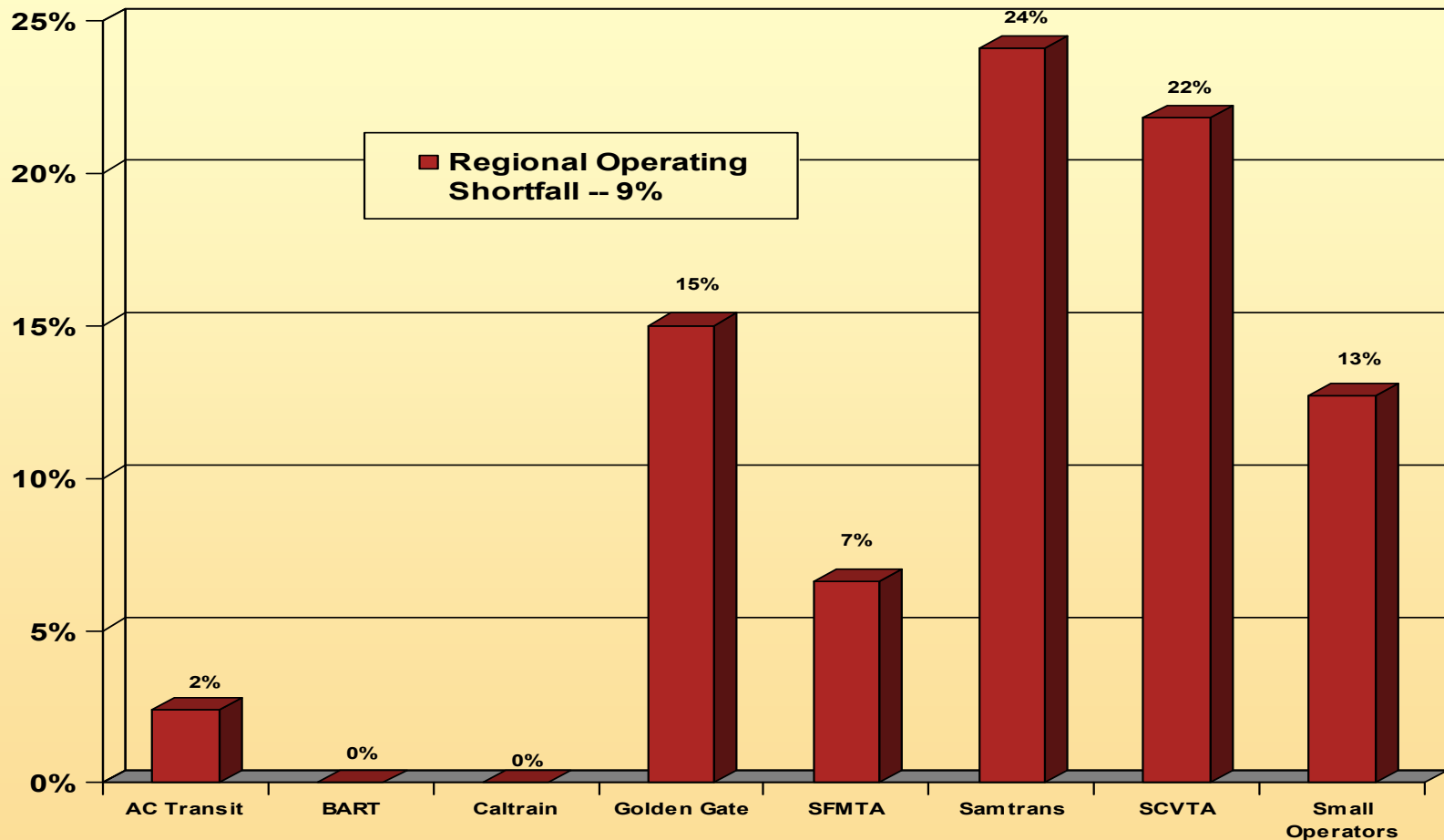


Current Conditions Costs and Revenues

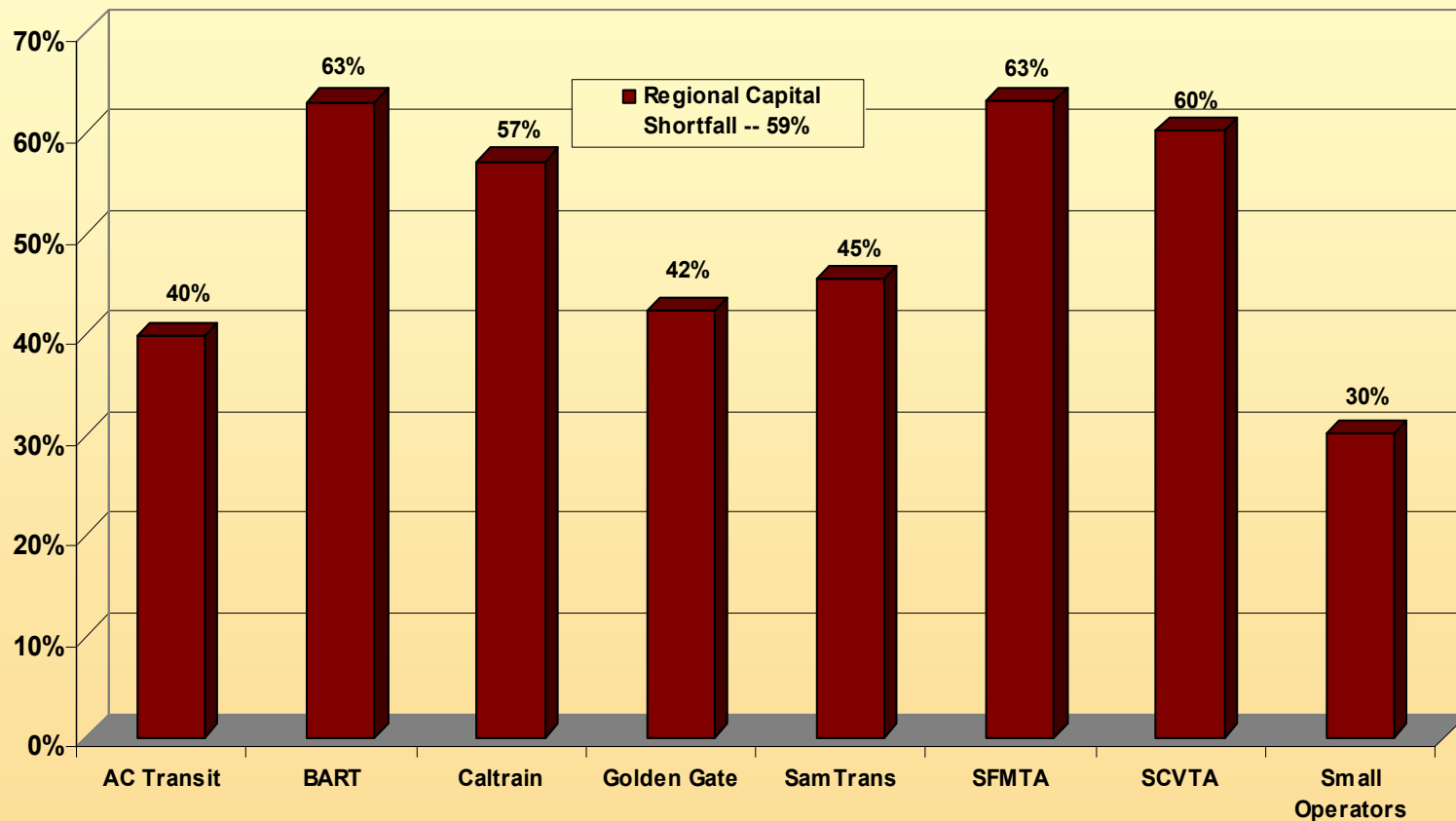
Projected Deficits Transportation 2035 Estimates (In Billions)



Projected Operating Deficits (as a % of 25-Year T2035 Operating Expense)

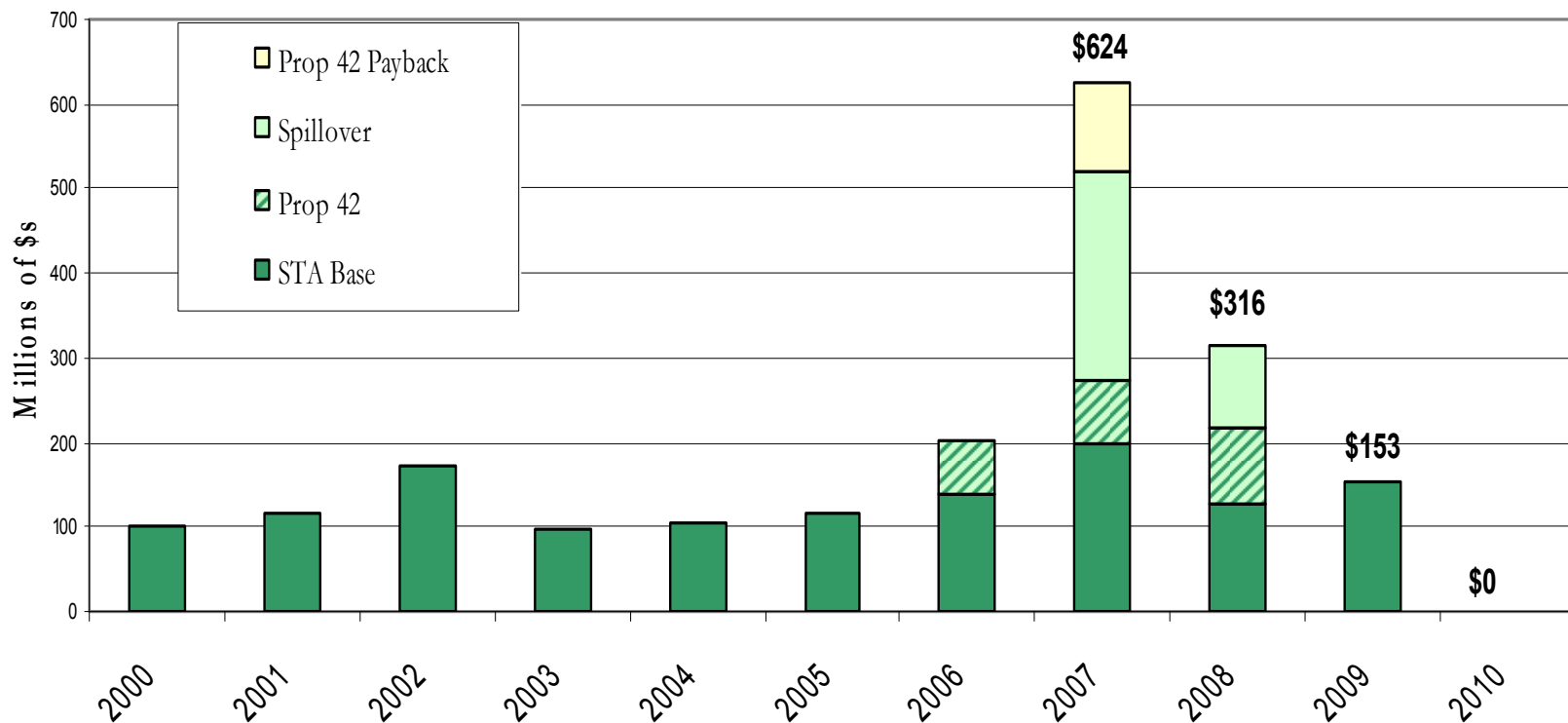


Projected Capital Deficits (as a % of 25-Year T2035 Capital Expense)



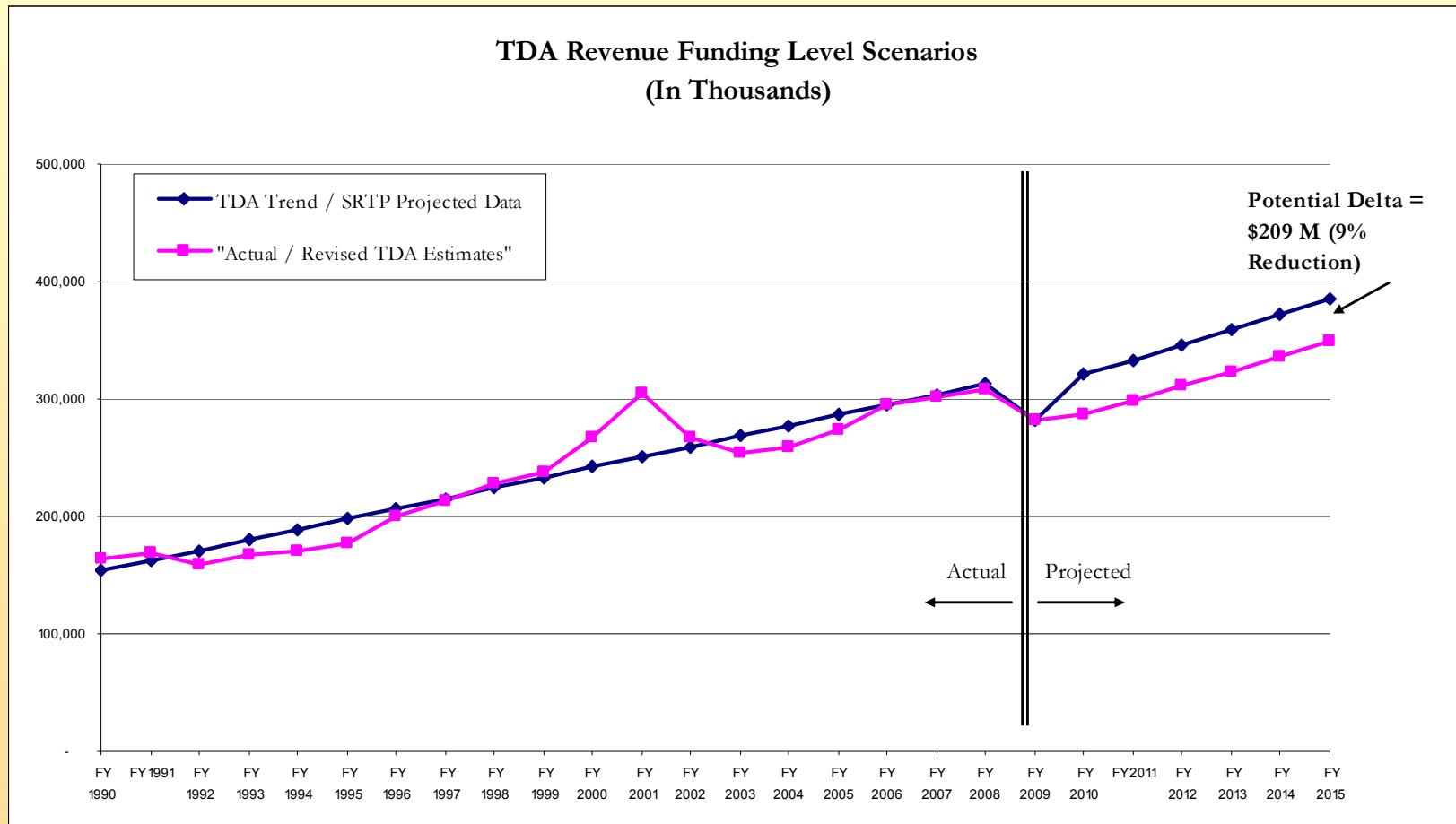
Unpredictable Revenues: State Transit Assistance

Figure B - Statewide STA Funding Levels



- Recent supreme court action upholds decision that STA funding diversions violated a series of statutory and constitutional amendments

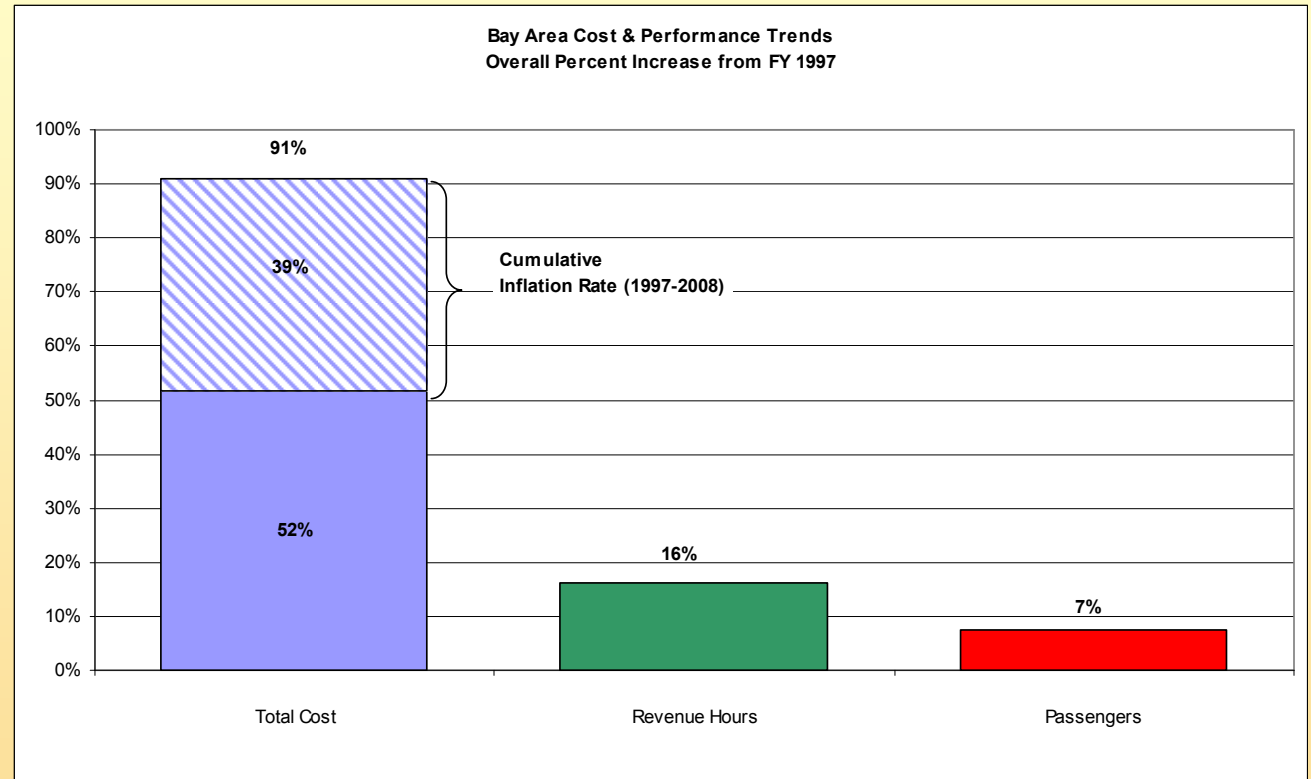
Unpredictable Revenues: Sales Tax



Productivity

Costs, Service, and Passengers

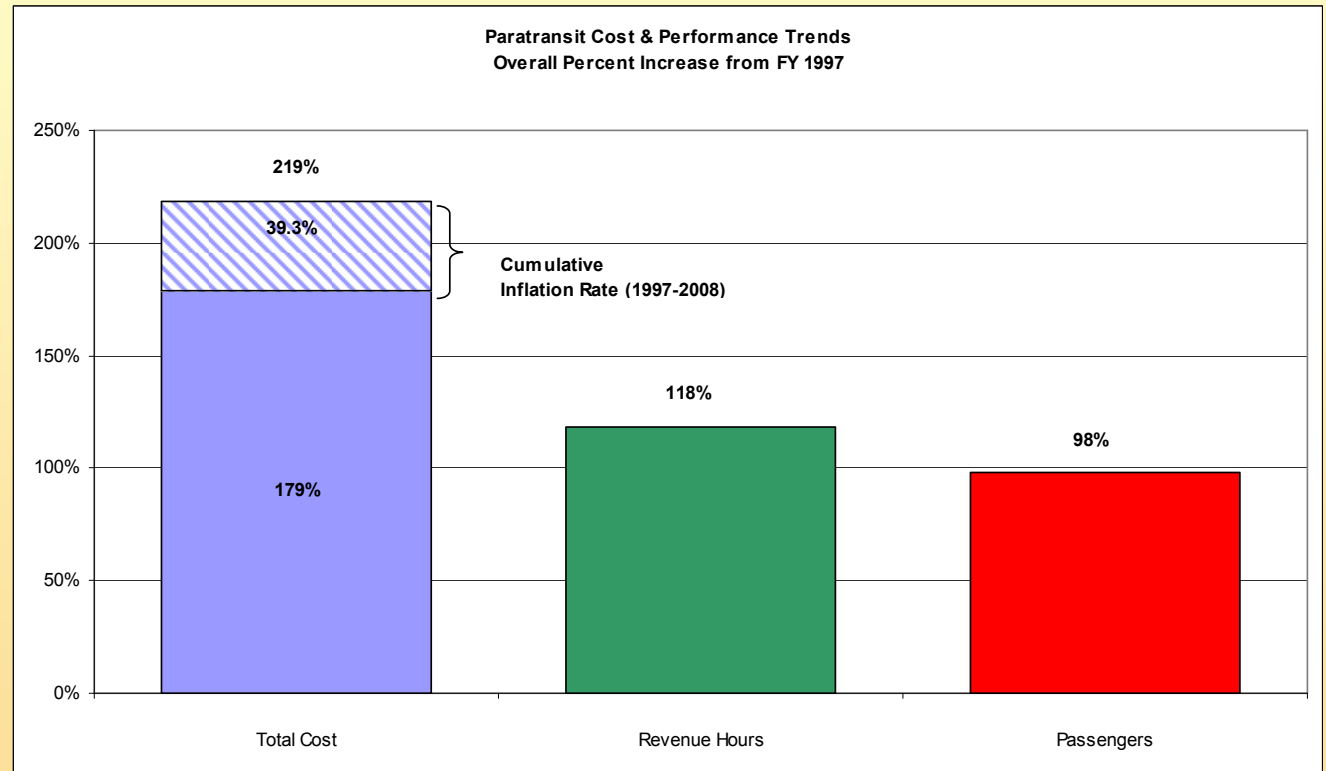
- Total Costs have increased 91% in the last 11 years
- Revenue hours and passengers have only increased by 16% and 7% respectively, over the same time period



Paratransit Productivity

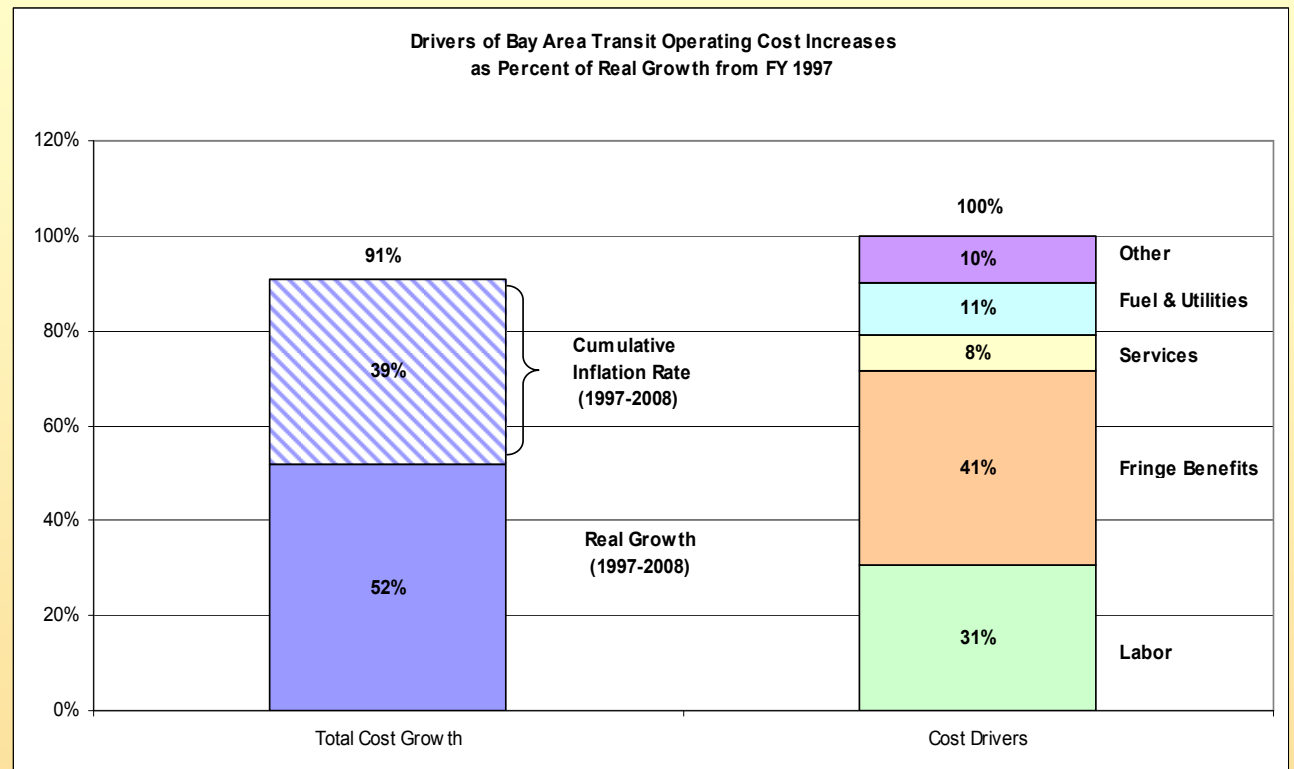
Costs, Service, and Passengers

- Total Costs have increased 219% in the last 11 years
- Revenue hours and passengers have only increased by 118% and 98% respectively, over the same time period

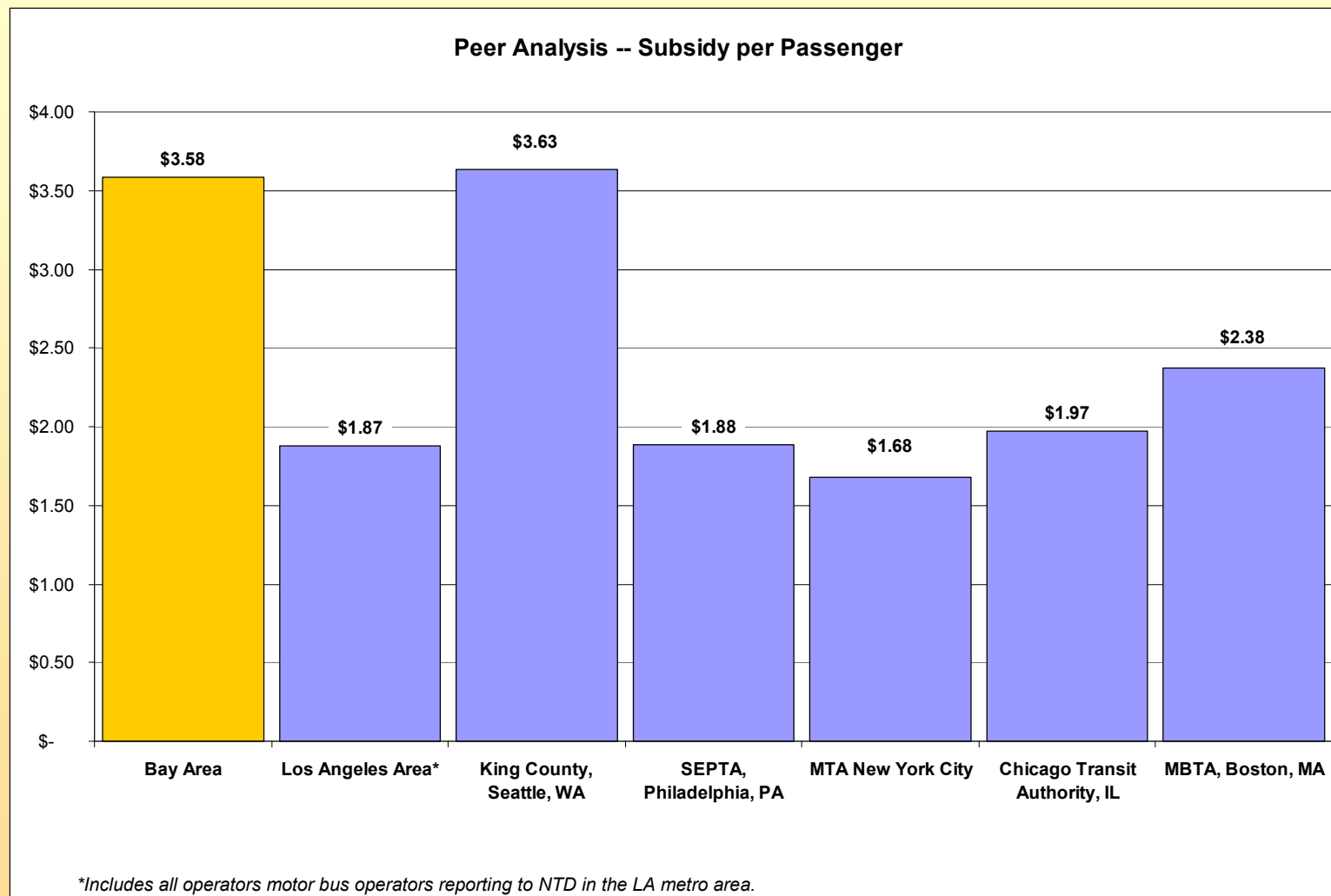


Regional Cost Drivers

- Growth in Labor and Fringe Benefit costs accounts for 72% of the total operating cost growth since 1997
- Growth in Fuel, Lubricants and Utilities costs only account for 11% of overall cost growth



Other Metro Areas

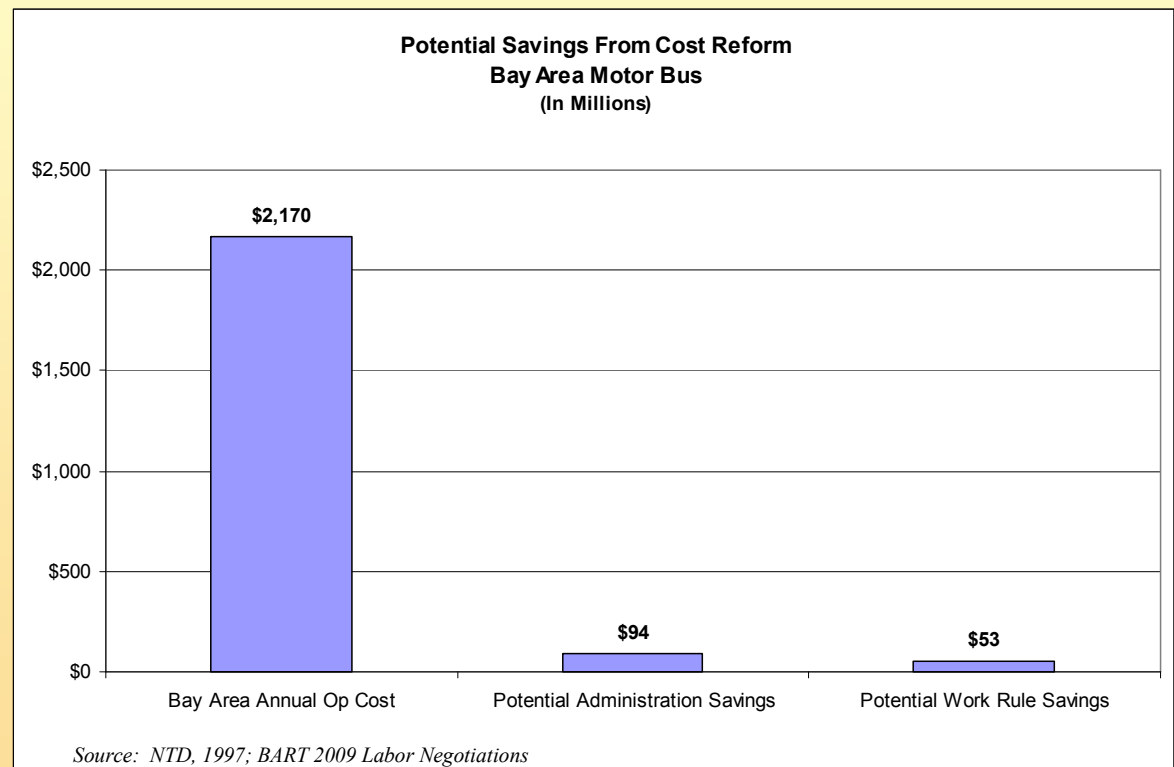


Data Source: NTD, 2007

Illustrative Cost Containment Strategies

- Roughly \$94 million in savings could be realized if the general administration cost per passenger mile was comparable to that of LAMTA
- BART's savings from work rule reform represents 5% of their annual operating costs
- Nearly 7% in potential savings from these two example strategies

Total Annual Operating Budget –
Bay Area Operators: \$2.2 Billion



Current Conditions: Service Design and Delivery

Multiple Providers Share Same Markets

Examples:

- I-680 Corridor: 7 bus and 2 rail operators
- I-80 Corridor: 4 bus, 1 ferry, and 2 rail operators
- Inner East Bay: 1 rail and 3 bus operators

Limited multi-agency view of how to better serve markets on a joint basis

Creation of separate single-purpose shuttle operations adds to complexity – employers, city circulators, universities, etc.



Complicated System Likely Affects Ridership

- Customer surveys/outreach show that improving transit connectivity important to existing and potential transit riders
- “Improving bus and train performance through efficient transfers across agency boundaries” a top-level recommendation from 2001 RTP
- “Seamless transit, a less fragmented system” in top 3 needs identified as part of Transportation 2030 focus groups
- “Timely bus connections” ranked in top 10 of 45 specific characteristics for customer dissatisfaction in 2002 BART customer satisfaction survey

Multiple Fare Policies

Discount Fare Eligibility

Transit Operator	Senior/ Disabled	Youth	Child
AC Transit	50%	50% (5-17 yrs.)	4 and under free (limit 2)
BART	63%	63% (5-12 yrs.)	4 and under free
Caltrain	50%	50% (5-17 yrs.)	4 and under free (limit 1)
County Connection	66%	Same as adult	Under 6 free
Golden Gate Transit	50%	50% (6-18 yrs.)	5 and under free (limit 2)
SamTrans	58%	43% (5-17 yrs.)	4 and under free (limit 1)
San Francisco Muni	66%	66% (5-17 yrs.)	Under 5 free
Santa Clara VTA	58%	15% (5-17 yrs.)	Under 5 free
WestCAT	58%	Same as adult	Under 6 free (limit 2)

Simplicity of TransLink® not possible for discounted rider groups without consensus on eligibility

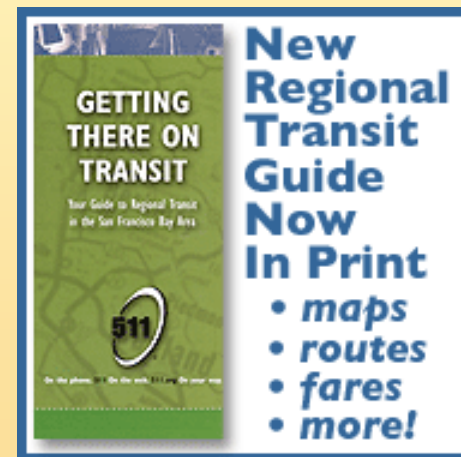
MTC Focus on Customer Experience

Recent Transit Connectivity Plan Efforts Include:

- Transit Trip Planner
- 511 and 511.org
- Real-time transit information
- TransLink® Electronic Fare Payment
- Express Bus Service
- All Nighter/BART Owl Service

Challenges:

- Prolonged delivery schedules threaten service credibility
- Uneven commitment and resources among operators limits success of regional services
- MTC direct role providing customer services isn't consistently accepted by transit agencies



Current Conditions: Transit Decision-making

Complex Decision-making Structure

- Bay Area has 28 transit agencies and 228 transit decision makers
 - 11 Service providers governed by local City Councils or County Board of Supervisors
 - 15 Districts/Authorities/Agencies with Appointed Members
 - 2 Districts with elected board of directors
- Service and fare policy decisions are understandably agency-centric
- Challenge at regional level is to knit together a network that works for passengers

Other Metro Areas

- LAMTA and NYMTA provide more passenger trips, serve a similar transit service population with 1 transit agency and less than 20 board members
- Significant differences in density and auto/parking pricing
- LAMTA has been overhauled and reconstituted by the state legislature several times; nearly a dozen local municipalities operate along with LAMTA

	San Francisco Bay Area Transit Agencies	Los Angeles Metropolitan Transportation Authority	New York Metropolitan Transportation Authority
Board Members	228	13	17
Operators	28	1	1
Unlinked Passenger Trips (Motorbus Operations)	226 Million	399 Million	973 Million
Service Population	7.5 Million	8.5 Million	8.0 Million
Adult Base Fare in 2009	28 Different Fares	\$1.25	\$2.25

Bay Area Performance Trends

**Subhash Mundle
Mundle and Associates**

Views from Bay Area Transit Stakeholders

Open-ended, one-on-one interviews with representatives of:

- Transit Executives
- Public Interest Groups
 - San Francisco Planning and Urban Association**
 - Transform**
- Academia
- Sales Tax Authority
- Business
 - Bay Area Council**
 - Silicon Valley Leadership Group**

Cost Containment

- Transit should provide competitive wages and benefits, but not be limited by inefficient work rules.
- Certain work rules limit ability to assign resources effectively and efficiently.
- Has been difficult to make changes and reinvest savings into preserving service or implementing better service that attracts riders.
- Flexibility through the use of part time workers can be more responsive to workers' needs and service delivery options.
- Significant inefficiencies in paratransit service delivery should also be addressed.
- All of the above would benefit from regional analysis to understand potential for redirecting cost savings to better service.

Accounting for the Cost of Multiple Providers

- General sense that region is over-invested in agency overhead; but unclear on what an alternative structure would yield.
- Duplicate expertise across multiple operators may be better used if combined and allocated over a larger service area (e.g., planning, financial, operations, project development, procurement specialists, information technology, etc.).
- Cost associated with separate agency procurements vs. standard regional specifications should be better understood.

Service Design and Delivery

- The region has incomplete information about current ridership and emerging transit markets
- Disconnect between local and regional service objectives
- May need to reconsider transit expansion investments in order to focus first on high-value capital solutions that improve existing services.
- Need to consider alternatives where standard fixed route isn't cost-effective; more flexible work rules are needed to implement these service options.
- Operating restrictions (limited “open-door” policies) inhibit efficient coordination across jurisdictions.
- Should be open to alternatives; transit doesn't necessarily make sense in every location.

Governance

- High financial and service delivery cost to support multiple layers of decision-making.
- The Bay Area should establish a service delivery system at the right scale to match customer demand based on a clear hierarchy of regional and local markets and align decision-making accordingly, for example:
 - Regional/sub-regional – Rail, BRT, Express Bus, related feeder services and complementary paratransit
 - Local – city-focused circulators, demand-response, social service coordination, etc.
- Streamlined decision-making over a larger service area makes sense for a region of this size
- On the other hand, changes in decision-making structure will be too challenging if not connected to a broader agreement on service hierarchy.

Regional Rail Network

- 1 --- BART: East Contra Costa Extension
- 2 --- ACE: Increased Service
- 3 --- BART: Rail Right-of-Way Preservation
- 4 --- Dumbarton Rail
- 5 --- BART: Fremont/Warm Springs to San Jose Extension
- 6 --- Caltrain: Rapid Rail/Electrification & Extension to Downtown SF/Transbay Transit Center
- 7 --- Caltrain: Express Service
- 8 --- SMART (Sonoma-Marín Rail)
- 9 --- Capitol Corridor: Increased Service
- 10 --- BART: Oakland Airport Connector



BREAK

**What would it take to change
course?**

SFMTA and SCVTA Examples

2007: Santa Clara VTA Comprehensive Operation Analysis

2008: SF MTA Transit Effectiveness Project

Objectives

1. Increase ridership and improve productivity through efficient use and distribution of resources.
2. Heavy emphasis on outreach and data collection to identify changes in market demand.
3. Develop cost-effective changes in how service is delivered, including elimination and consolidation of unproductive routes
4. Reinvest savings to improve service reliability and convenience and attract new riders
5. Identify transit-supportive infrastructure improvements



Next Steps

What we need to do to be successful...

- Stakeholder Outreach
 - Build on Transportation 2035 efforts
 - Substantial investment in outreach and inclusion of multiple stakeholders to set objectives for the region's transit network:
 - Transit riders
 - Transit Policy Board members
 - Business
 - Labor
 - Environment
 - Paratransit and transit accessibility
 - Bike/Pedestrian
 - Academia/research
- Gather data on current ridership and future markets
 - Build on current efforts (Bay Area travel survey/Updated regional model)
 - Passenger counts and on-board surveys

Transit Executive Oversight Committee

- 1. Geographic balance**
- 2. Mix of large and small agencies**
- 3. Agencies with recent experience conducting system effectiveness and consolidation analyses**
- 4. General manager/CEO participation**

Current Membership

SFMTA - Nathaniel Ford

Samtrans - Michael Scanlon

AC Transit - Rick Fernandez

Solano TA - Daryl Halls

WestCAT - Charlie Anderson

Jeanne Krieg - ECCTA

VTA - Michael Burns

BART - Dorothy Dugger

Santa Rosa City Bus - Bob Dunlavey

CCCTA - Rick Ramacier

MTC - Steve Heminger

Proposed Project Approach

1) Review and implement recommendations from recently completed analyses	<ul style="list-style-type: none">▪ VTA and SF MTA Effectiveness Analyses▪ Solano County Consolidation Analysis▪ Regional Rail Plan – Governance
2) Perform fact-based financial analysis of cost containment strategies	<ul style="list-style-type: none">▪ Internal cost containment▪ Administrative efficiencies across multiple operators▪ Special focus on inefficient work rules

Proposed Approach (continued)

3) Perform comprehensive service analyses, where needed	<ul style="list-style-type: none">▪ Proposed sub-regional evaluations:<ul style="list-style-type: none">▪ Inner East Bay – AC Transit, BART, WestCAT, Union City▪ Peninsula – Caltrain, Samtrans, BART, SFMTA, and VTA▪ Transbay bus service▪ Marin/Sonoma Corridor▪ Regional ADA paratransit service delivery
4) Evaluate regional governance options to correlate with service improvements	<ul style="list-style-type: none">▪ Outside, independent review of decision-making structures, recognizing organizational, financial, and operational differences among existing transit agencies

Proposed Approach (continued)

5) Conduct regional pricing analysis	<ul style="list-style-type: none">▪ Analysis of regional fare structure options and complementary pricing strategies (e.g. parking and congestion pricing) to encourage transit ridership while supporting agency budgets
6) Identify complementary transit element to “Freeway Performance Initiative”	<ul style="list-style-type: none">▪ Understand how changes to physical infrastructure and operating policies could increase transit’s effectiveness and propose priority investments
7) Develop Financial Plan and Implementation Strategy	<ul style="list-style-type: none">▪ Set priorities for implementation based on results of above analyses.▪ Determine required financial investment.▪ Define a road map for implementation.

Preliminary Schedule

October 2009	Commission Workshop/Direction for Transit Sustainability Project (TSP)
November - December 2009	Oversight Committee reviews and finalizes TSP scope Partnership Board review
January 2010	MTC Operations Committee confirms work plan, schedule, budget and stakeholder participation plan
February 2010 thru April 2011	Conduct stakeholder participation program Complete financial, service and governance analyses
Summer 2011	Confirm most promising efforts for more detailed implementation planning
Fall 2011	Draft policy and service recommendations, implementation priorities, and financial plan
Winter 2011	Complete outreach/public review process Commission adoption

Proposed Budget

Funding Source	Amount
FTA Section 5303 (Carryover/FY2010/FY2011)	\$2.3 million
RM2 Integrated Fare Study (match)	\$0.2 million
Total	\$2.5 million

Raise New Transit Revenues

Even with increased productivity, new revenue sources need to be secured.

Options include:

- *Concept 1: Regional Gas Tax*
 - Secure voter approval of a regional gas tax in 2012
 - 10 cent (maximum authority) would raise roughly \$300 million annually
 - Regional gas tax would likely need to support both transit and road needs
- *Concept 2: STA “Back Pay”*
 - \$720 million owed the Bay Area based on state diversions
- *Concept 3: Federal Operating Program*

Establish a new transit baseline, based on results of the Sustainability Project, to which to apply these new revenues.

Gas Tax Polling

- General trend is more favorable opinion of increased gas tax
- Most recent poll focused on climate change strategies

Year of Poll*	Gas Tax Amount	Response		
		Support	Oppose	No Opinion
1997	10¢	19%	75%	6%
2001	10¢	23%	76%	1%
2003	5¢	46%	48%	7%
2007	25¢	46%	30%	2% (23% = Possibly)

*Wording of questions varied by poll, so results not directly comparable from year to year

MTC's Current Authority

- **Leverage Opportunities: Approaching \$1 billion annually**

Revenue Options	Annual Amount, in Millions
FTA (Capital)	350
STA (currently \$0)	150
TDA	300
RM2 (operations)	40
Total	840

- **Limited Experience with Enforcement of Coordination Requirements**

- In 1992, MTC withheld STA funds from BART due to lack of revenue sharing agreement with AC Transit
- Negotiated agreement subsequently to allocate BART STA funds to AC Transit continues in effect (\$5.5 million in FY2009)

Moving Forward

- The road could be long – focus on “Progress not Perfection”
- Goal is not just to save money – but reinvest to improve overall system effectiveness
- Allocate future funding to implement more rational and cost-effective delivery strategies identified through this project.

End of Presentation